Utah residents may get $50 million electric bill credit from PacifiCorp

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Oct. 8--SALT LAKE CITY -- Utahns may have a $50 million electric bill credit coming.

In a filing submitted Thursday to the **Public Service Commission**, The **Committee of Consumer Services** requested that PacifiCorp, the parent company of **Utah** Power, be ordered to return $50 million the committee claims has been wrongfully charged to **Utah** customers since 1999.

The issue stems from a change in company structure following ScottishPower's acquisition of PacifiCorp in 1999. PacifiCorp Holdings Inc., the holding company set up after the merger as an umbrella over ScottishPower's dozens of subsidiaries, collects taxes from the subsidiaries as individual entities.

But PacifiCorp Holdings consolidates the tax liabilities, using subsidiaries that lose money to reduce its overall tax burden, committee director Leslie Reberg said.

"Say there are three people, two who make $100,000 and a third who loses $100,000," Reberg said. "If each is taxed individually, there's $200,000 in taxable income. But if we put all three together, the net taxable income is only $100,000."

The committee claims that PacifiCorp set its customer rates as if the company would pay taxes as an individual entity, but the taxes it actually pays are lower because they are based on the average of all companies under the PacifiCorp Holdings umbrella, of which PacifiCorp is the most profitable.

PacifiCorp spokesman Dave Eskelsen said the committee's action is "puzzling."

"This is an old issue that we resolved with the SEC (Securities and Exchange Commission) in 2004," Eskelsen said. "They asked us to make some adjustments in our filings, which we did. (PacifiCorp Holdings) was not required to transfer any money into or out of PacifiCorp, and there were no changes in our financial statements."

The committee's request follows an SEC audit concluded in 2004. That audit found that PacifiCorp transferred at least $225.7 million to ScottishPower that was collected in rates to pay income taxes, when the money was supposed to be reinvested in PacifiCorp, Reberg said.

She said the money in question was instead used to subsidize costs incurred by ScottishPower's purchase of PacifiCorp in 1999. A condition of the PSC's approval of the sale to ScottishPower stated that no merger-related costs could be recovered from customers.

Eskelsen said the company will "clearly demonstrate" that it has handled all tax revenues and payments properly.

"Customer money has been used to supply our customers with electricity, and nothing more," he said.

PSC spokeswoman Julie Orchard said the issue is a complicated one that will have important tax implications for other cases. She could not say when a decision might be reached.

"We'll go through the normal adjudicative process, and will hear from all parties involved," she said. "It's not going to happen overnight."

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